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Research Department
International Ladies' Garment Workers' Union

CONDITIONS IN THE WOMEN'S GARMENT INDUSTRY

JANUARY 6, 1981

Economic Background

The sluggishness that characterized the American economy throughout 1979 culminated in recession beginning at the end of January 1980. Real gross national product -- the nation's output of goods and services after eliminating price increases -- rose in the first quarter by 0.8 percent. Real personal consumption was up marginally. Durable purchases declined, while non-durables and services were slightly ahead. Fixed investment in residential housing went down. Interest rates soared and consumer prices increased at a rapid rate. With two-thirds of automobile purchases financed, sales of new cars plummeted. As the quarter came to an end, the Federal Reserve Board further dampened the economy by instituting controls on consumer and business credit.

In the second quarter, real gross national product fell by a substantial 2.6 percent. Personal consumption expenditures declined, the largest drop being in durables. Fixed investment in residential properties was off sharply, although housing starts turned up in June in response to the decline in interest rates from the April peak of 20 percent. Sales of domestic automobiles dropped precipitously. Inventories continued to rise rapidly, reflecting particularly severe weakness in hard goods sales. Capacity utilization rates in manufacturing were down by 8.2 percent since the beginning of the year. After hovering around 6 percent for the prior two years, unemployment jumped to 7.5 percent of the labor force. The rate of increase in consumer prices was slighly below that in the first quarter, but it still rose by a hefty 3.6 percent. As the economic turndown intensified, the Federal Reserve Board ended some credit controls at the end of May.

A 0.6 percent rise in real gross national product was registered in the third quarter and real personal consumption expenditures rose by 1.3 percent. The economy was, in part, responding to the lifting in early July of the remaining credit controls and to the impetus of the cost of living adjustment to social security benefit payments. Interest rates bottomed out at 10-3/4 percent in July-August and sales of durables were up by a substantial 5.1 percent. A sharp drop in non-residential structures was more than offset by a rise in residential structures, primarily the result of government subsidized multi-family dwellings. However, industrial output was down 1.8 percent. Corporate pre-tax profits rose, recouping slightly less than one-third of the second quarter decline. Unemployment edged up in the third quarter. The rate

of increase in consumer prices dropped significantly, but producer prices moved up, presaging future consumer price increases. Exports of goods and services exceeded imports in current dollars for the first time in 1980 as petroleum imports declined and exports rose.

Detailed data on the performance of the economy in the fourth quarter are not currently available. The fourth quarter seems to have started off mixed. Some favorable economic statistics indicated a continuation of what had been viewed as the beginning of recovery in the third quarter. Increases in the Consumer Price Index were level in October and November, rising by 0.9 percent in each month. Industrial production was up by 1.8 percent in October and by a slightly lower 1.4 percent in November, the fourth month in a row in which this important indicator was up. Capacity utilization rose in October to 77.9 percent and at a slightly slower rate to 78.8 percent in November, although it was still much below the 84.8 percent level of a year earlier.

Real personal income, however, remained flat. And if consumers were to lead in the recovery, they would have to do so in the key housing and durable goods industries, where demand depends in large measure on financing costs. However, interest rates rose in August and soared in November and December, reaching record levels. Housing starts in October rose slightly, again primarily in government-subsidized multi-family dwellings, but lost some ground in November. Single family housing starts dropped in October and November and housing permits were down by a substantial 14.8 percent in October, but recovered some of this loss in November.

Orders for durable goods were up marginally in November, mainly in defense purchases, after a huge rise in October. Prices of producer finished goods were up in October, with half the increase coming from a rise in the price of new cars. A lesser rise took place in November. Automobile sales were below the prior year's level, despite the introduction of smaller new car models in late September and early October. New consumer installment debt appeared to be levelling off.

The unemployment rate moderated slightly from October to November, and hovered around 7.5 percent. Non-farm employment was up 225,000 in October, 95,000 of which was in manufacturing and 40,000 in construction. Employment in the latter industry, however, was still 300,000 below January's level. The sales-inventory ratio, which has been under better control in the 1980 recession than in previous ones, continued to decline in October, but may be expected to start going up again as increased production in October and November faces renewed difficulties as demand constraints grow. Thus, a significant part of growth in the quarter will probably stem more from the build up of inventories than from progressive gains in underlying demand strength.

Retail Sales

Retail sales patterns in 1980 were seriously affected by the economic status of consumers as the year developed. Spendable weekly earnings in real terms were at their lowest level in over 15 years and this, combined with high interest rates, credit stringencies and uncertainties over the future, took its toll. Overall retail sales rose 8.4 percent in the first four months of 1980 in comparison with the same 1979 months. Thereafter they weakened and advanced by only 5.4 percent in the May-October period. Retail sales were in the plus column, not because more goods were sold, but because of higher prices. Once these are factored out, the actual quantity of goods moved declined by 4.9 percent in the first four months and by 6.2 percent in the following six months, making 1980 one of the poorest retail years since 1976. Weakness continued in November when total retail sales in current dollars

advanced by only 4.6 percent, while in real terms sales were down by 6.6 percent. Although merchants were looking forward to a revival of business in December, the month's performance was off to a slow start. With the approach of Christmas, the tempo picked up markedly. According to available reports, a last minute sales flurry and the start of post-Christmas clearances boosted retail volume as the year ended.

Automobiles, large appliances and other durable goods were particularly hard hit. Sales of durables were off 1.5 percent in the first four months and 4.8 percent in the next six months; in real terms they were down 10.4 percent and 13.5 percent respectively. Sales of non-durable goods fared somewhat better, bolstered by sales of such sharply higher priced commodities as gasoline and fuel oil. Non-durable sales were up 14.1 percent in the first four months of 1980 and by 11.1 percent in the May-October period in comparison to 1979. After allowance for price increases, nondurables appear to have lost ground by about one and a half percent in both periods.

Retail sales of women's and children's wear also felt the economic crunch, though to a lesser extent than other sectors when price changes are taken into account. Feminine apparel was one of the few sectors to show an increase in real terms. Dollar sales of women's and children's wear rose 7.4 percent in the January-April period in 1980 compared with the same period in 1979 and by a slightly narrower margin of 5.5 percent in the May-October months. After price adjustment, the quantity of goods sold was up 4.6 percent and 3.2 percent respectively.

RETAIL SALES OF WOMEN'S AND CHILDREN'S CLOTHING AND ACCESSORIES* BY TYPE OF OUTLET
(in millions of dollars)

Period	Total Sales	Department Stores	Women's Ready-to-wear Stores	Family Clothing Stores	Other Retail Outlets
1966	$18,112	$ 7,763	$ 5,831	$ 1,308	$ 3,210
1972	25,021	11,112	8,082	2,064	3,763
1973	27,972	12,308	9,336	2,502	3,826
1974	29,617	12,761	9,910	2,735	4,211
1975	31,683	13,451	10,926	2,933	4,373
1976	34,298	14,670	11,840	3,207	4,581
1977	36,527	16,251	11,925	3,472	4,879
1978	39,978	18,036	13,071	3,665	5,206
1979	44,764	21,221	14,003	4,030	5,510
Jan-Apr'79	12,281	5,774	3,934	1,062	1,511
Jan-Apr'80	13,189	6,230	4,188	1,199	1,572
May-Oct'79	21,409	9,951	6,822	2,001	2,635
May-Oct'80	22,580	10,526	7,231	2,131	2,692
Jan-Oct'79	33,690	15,725	10,756	3,063	4,146
Jan-Oct'80	35,769	16,756	11,419	3,330	4,264

* Data include traditional products of the women's garment industry as well as millinery, furs, hosiery, gloves and other accessories

SOURCE: ILGWU Research Department (benchmarked to 1967, 1972 and 1977 Census of Business)

A number of cross currents affected sales of feminine apparel in 1980. Low and moderate income shoppers were the most constrained as a result of the economic downturn. More affluent shoppers were less affected and sales of higher priced lines held or went up. Consumers generally sought better quality garments in more classic styles, hoping to make do with fewer garments that could last and be in fashion for a longer period of time. Unseasonable weather, especially the warm start to the fall season, also deterred store traffic and consequent sales. In the uncertain economic climate, stores maintained inventories at minimum levels and sales were lost when suitable styles and sizes were lacking. Promotions were stepped up and advanced in timing to try to bring in potential purchasers. The net result of these factors was a better sales performance in women's and children's apparel than in many other product lines.

Retail stores were looking forward to an early revival of business during the Christmas season. Promotions during November and a buoyant Thanksgiving seemed to portend better times. December sales started off slowly, but perked up as the month came to an end. Business continued to focus on better merchandise, with dressy separates and a soft romantic look showing strength.

As previously, retail prices for apparel rose less than those of other products. In the first ten months of 1980, retail prices of women's and children's wear rose by only 2.4 percent over the same period of 1979. In contrast, retail prices of durable goods increased by 9.9 percent and those of nondurables as a whole were 13.9 percent ahead.

The largest gains in retail sales of women's and children's apparel in the first ten months of 1980 were chalked up by family clothing stores. Department stores ran second and women's ready-to-wear specialty stores followed. Other retail outlets (including mail-order houses and a number of discounters) ranked last and suffered a reversal in real terms, but not in current dollar volume.

Production of Women's and Children's Wear

With recessionary movements in the nation holding back consumer apparel purchases and a renewed growth in imports, there was little opportunity for improvement in the production of women's and children's wear. After declining throughout 1979, output registered a 0.8 percent gain in the first four months of 1980 over the same months of 1979. This gain was more than wiped out, however, in the May-July period when output was down 1.7 percent. Preliminary indications are that the situation worsened somewhat in the following months. For the year as a whole production of women's and children's wear will likely be about 1 percent below 1979.

Current production data are available for only a limited number of women's outerwear items and then only through July because of a delay in release of data by the Bureau of the Census. Historical information on the production and dollar volume of shipments of a more comprehensive listing of women's and children's wear is shown on an annual basis through 1979 in the appendix table on page 13 of this report.

Production patterns for the different products for which current data are available varied widely during 1980. The sharpest decline took place in the case of suits (including pantsuits) where output was off by 16.9 percent in the first four months of 1980 in comparison with a year earlier and by 29.1 percent in the next three months, for a total decline of 21.7 percent over the seven months. Suit output was clearly affected by the continuing trend away from pantsuits, a major portion of

UNIT PRODUCTION OF SELECTED WOMEN'S AND MISSES' GARMENTS AND PHYSICAL VOLUME OF OUTPUT, WOMEN'S AND CHILDREN'S APPAREL INDUSTRY

(in millions)

Period	UNIT PRODUCTION						Physical Volume of Output#
	Coats	Suits@	Dresses	Blouses	Skirts	Sweaters*	
1966	27.7	11.6	321.3	223.2	131.1	147.0	$9,051
1972	25.2	24.6	289.4	215.3	66.2	130.8	$9,222
1973	24.6	25.0	275.5	236.5	64.7	151.3	$8,684
1974	22.4	28.1	236.9	245.2	57.9	148.3	$8,363
1975	23.2	32.5	222.7	277.8	63.7	134.8	$8,335
1976	22.2	32.5	213.5	296.2	64.9	127.2	$8,451
1977	20.1	32.2	228.3	335.6	68.8	127.5	$8,641
1978	20.1	28.3	224.3	347.0	73.5	117.3	$8,417
1979	18.4	22.3	200.7	338.1	67.2	101.4	$8,014
Jan-Apr'79	5.0	8.3	74.9	121.2	21.1	29.9	$2,637
Jan-Apr'80	5.5	6.9	81.5	121.4	26.5	33.1	$2,659
May-Jul'79	5.1	5.5	48.4	82.2	17.8	26.5	$2,051
May-Jul'80	5.5	3.9	51.3	80.6	16.0	26.5	$2,016
Jan-Jul'79	10.0	13.8	123.3	203.4	38.9	56.4	$4,689
Jan-Jul'80	11.0	10.8	132.8	202.0	42.5	59.6	$4,676

@ Suits including pant-suits
* Sweaters for women and men
# Physical volume of output of women's and children's apparel industry expressed in 1967 value
SOURCE: U.S. Bureau of the Census and ILGWU Research Department (benchmarked to 1963, 1967 and 1972 Census of Manufactures)

total suit output, and towards dressier separates and knits. Output of blouses was erratic. For the January-July period, it slipped back by 0.7 percent. As 1980 progressed there was a noticeable trend toward blouse styles with ruffles, lace and other frills which helped sustain output. Skirt production, on the other hand, started the year off strongly with a 25.6 percent increase in response to the popularity of classic styles of dress. In the following three months, however, skirt production declined by 10.1 percent as the classic mood appeared to be losing some of its steam and pants regained popularity.

While post-April performance was generally weaker than in the early part of the year, a few women's items chalked up plusses in both periods. Coat output was 10.0 percent ahead in the first four months of 1980 and 7.8 percent in the following three months. The demand for down-filled or quilted styles of coats helped boost production earlier in the year and a trend towards more traditional shapes and fabrics

developed as the year came to a close. The simplicity of one-piece dressing and the trend towards more sophisticated garments for late afternoon or evening helped boost dress production, which rose by 8.8 percent in the first four months and by 7.7 percent thereafter. Sweater output, which had been declining for several years, turned around in 1980, gaining 10.7 percent in the first four months of 1980, but remaining level thereafter. The plusses were all on the female side, with sweater production shooting up in a wide range of shapes and yarns, ranging from replacements for blouses to bulky jackets to serve as winter coats. As a result, output of women's sweaters in the January-April period was 35.8 percent ahead of the same time period in 1979. It was 30.1 percent ahead in the May-July months. In contrast, output of men's sweaters was off by 21.7 percent through July.

Clues to production trends for items not currently reported on by the Census Bureau can be gleaned from trade and other reports. Output of women's and misses' pants had been off in 1979 and early 1980 but appeared to be making a comeback in the latter part of the year with a wide spectrum of choices of widths, lengths and shapes that offered free-moving feminine suppleness. Jean production was sustained, though some cutbacks were felt during 1980 by the designer or status end of the market which had over-extended itself. Blazers, bomber and other jackets also held up. Continued popular interest in active sports helped maintain production of necessary garments as well as derivations for spectators. Jumpsuits were also ahead. The warm summer gave impetus to swimwear production. Robe output was off, but sleepwear seemed to be picking up in the latter part of the year. In the underwear field, slip output weakened with the shifting trend towards pants, though panty output was about even. Brassieres continued to be impacted by imports. Children's wear followed the patterns set by adult apparel. Operations were generally flat.

Imports

One of the most disturbing developments in 1980 was the resumption of sharp increases in apparel imports at a time when the nation was in the midst of recession. During 1979, the total quantity of imported women's and children's apparel made of cotton, wool and man-made fibers (measured in terms of square yards of material used in their manufacture) had decreased by 9.7 percent. This was a reflection of curtailed buying by fearful retailers and the efforts of the United States government to restrain imports of sensitive apparel and textile categories. When the anticipated 1979 recession did not materialize, stores stepped up orders from foreign suppliers to fill gaps in their inventories and to gain the larger profits that can be realized on imported goods. As a result, imports of women's and children's apparel shot up 14.2 percent in the first ten months of 1980 compared with the same period in 1979, hitting a new high.

The largest increase took place in wool garments, where women's and children's wear imports rose by 44.3 percent, mostly due to a 65.0 percent rise in knitted garments. Imports of woven wool garments rose by only 4.5 percent, while imports of garments made from man-made fibers rose by 13.2 percent, with knitted items up by 15.7 percent and woven garments up by 8.3 percent. The smallest gains, and even these were substantial, were in cotton women's and children's garments, where imports were 13.5 percent higher, with knitted garments up by 13.7 percent and woven items rising by 13.4 percent. The unit values of imported garments moved up relatively little in this period and imports in current dollar amounts generally moved up with quantities.

Changes in imports of specific garments in 1980 ranged from sharp increases to steep declines. Culottes and judo and karate suit imports were more than double their 1979

IMPORTS OF SELECTED WOMEN'S AND CHILDREN'S GARMENTS

(in thousands of units)

Product	Year 1974	Year 1975	Year 1976	Year 1977	Year 1978	Year 1979	Jan-Oct 1979	Jan-Oct 1980
Coats & jackets, cotton	4,532	3,990	6,676	7,586	8,656	8,413	6,840	12,643
" " " wool	768	609	317	1,335	2,294	1,936	1,786	2,120
" " " synthetic	12,432	13,567	19,534	23,760	25,746	22,287	18,448	21,859
TOTAL	17,732	18,166	27,027	32,681	36,696	32,636	27,074	36,623
Suits, wool	931	766	580	547	414	445	394	319
" synthetic	3,002	3,580	3,216	2,826	3,085	1,725	1,382	1,002
TOTAL	3,933	4,346	3,796	3,373	3,499	2,169	1,776	1,321
Dresses, cotton	5,219	4,927	6,412	5,854	6,534	4,832	4,120	7,375
" wool	585	669	586	761	635	496	386	932
" synthetic	13,084	13,605	12,276	10,194	12,840	11,860	9,699	11,569
" silk (non-ornamented)	44	54	91	230	463	990	757	926
TOTAL	18,932	19,255	19,365	17,039	20,472	18,178	14,962	20,803
Blouses, cotton	31,009	43,186	59,602	64,750	107,284	126,748	110,799	93,385
" wool	344	523	1,987	7,712	7,631	6,450	5,642	5,542
" synthetic	71,028	73,246	80,774	75,395	90,246	89,169	74,682	79,356
" silk (non-ornamented)	125	240	624	1,732	3,543	3,806	2,980	2,926
TOTAL	102,506	117,195	142,987	147,589	208,705	226,173	194,103	181,210
Knit shirts (a), cotton	17,803	37,650	60,632	63,743	66,294	58,774	49,196	44,389
" " synthetic	122,532	156,761	159,342	157,434	156,507	123,630	105,489	99,938
TOTAL	140,335	194,411	219,974	221,177	222,801	182,404	154,685	144,327
Sweaters (b), cotton	3,992	5,453	5,025	2,905	4,086	5,485	3,515	5,[illegible]4
" wool	11,960	11,814	21,826	30,133	22,825	19,910	16,323	26,979
" synthetic	107,687	110,695	114,976	109,461	113,583	94,846	83,945	104,604
TOTAL	123,648	127,965	141,824	142,609	141,053	120,747	104,213	137,148
Skirts, cotton	1,148	3,052	6,065	5,109	7,275	8,469	7,212	8,737
" wool	344	543	613	902	1,408	1,623	1,487	1,183
" synthetic	1,520	2,503	2,678	1,840	3,633	4,043	3,323	2,974
TOTAL	3,012	6,098	9,356	7,851	12,397	14,135	12,022	12,912
Slacks & shorts, cotton	40,231	46,353	59,513	77,314	94,794	86,368	68,265	87,209
" " " wool	430	600	667	777	1,173	736	669	901
" " " synthetic	66,398	73,515	72,242	61,276	75,992	66,431	56,146	56,441
TOTAL (c)	107,078	120,474	132,481	139,505	172,322	153,860	128,306	145,013
Playsuits, cotton	5,630	6,719	9,755	11,981	11,659	12,292	9,615	14,708
" synthetic	8,142	7,705	8,403	8,554	9,206	7,839	6,354	6,491
TOTAL	13,772	14,424	18,158	20,535	20,865	20,132	15,969	21,199
Raincoats (b), cotton	1,713	1,738	2,387	2,465	3,888	4,009	3,329	1,890
" synthetic	5,567	3,623	6,130	4,764	6,030	5,529	4,443	3,648
TOTAL	7,280	5,361	8,517	7,229	9,918	9,538	7,771	5,539
Dressing gowns & robes, cotton	874	686	1,404	1,900	1,838	1,005	811	1,357
" " " " wool	10	3	2	10	18	5	4	81
" " " " synthetic	924	659	851	936	1,302	1,695	1,413	1,251
TOTAL (c)	1,810	1,352	2,265	2,856	3,172	2,712	2,234	2,704
Nightwear & pajamas, cotton	3,638	3,343	4,787	6,368	7,172	6,369	5,627	5,796
" " " " synthetic	3,235	1,155	1,682	1,519	2,140	1,848	1,572	1,500
TOTAL (c)	6,888	4,498	6,472	7,889	9,313	8,221	7,203	7,302
Underwear, cotton	668	2,011	3,917	6,731	12,627	15,971	12,308	16,471
" wool	165	109	85	152	257	204	129	232
" synthetic	16,284	15,181	18,306	22,680	22,584	23,490	18,938	28,654
TOTAL (c)	17,137	17,400	22,330	29,642	35,728	39,739	31,443	45,399
Brassieres, cotton	5,666	5,737	7,840	4,407	2,278	2,223	1,882	1,466
" synthetic	68,580	77,310	97,175	109,678	126,091	131,508	108,324	119,164
TOTAL	74,246	83,047	105,015	114,085	128,369	133,731	110,206	120,630
Girdles & corsets, cotton	7	5	59	45	4	14	13	4
" " " synthetic	1,348	1,592	2,708	3,185	4,333	5,041	4,249	5,670
TOTAL	1,355	1,597	2,767	3,230	4,337	5,055	4,262	5,674
Infants' sets (d), cotton & synthetic	N.A.	N.A.	N.A.	28,205	31,798	31,761	25,901	29,516
Swimwear, synthetic	5,695	5,827	9,362	9,377	14,025	13,865	11,027	9,685
Tops & vests, cotton & synthetic	20,006	20,107	22,000	10,441	11,730	13,346	10,913	15,579
Body suits & shirts, synthetic	3,893	2,549	1,578	1,063	3,577	3,109	2,942	662
Coveralls (e), synthetic	710	595	1,098	1,237	1,275	746	694	660
Culottes, synthetic	94	103	129	49	30	12	8	17
Judo/Karate suits, cotton & synthetic	N.A.	N.A.	93	75	128	96	79	159

(a) Excludes knit tops
(b) Men's, women's and children's
(c) Includes garments of silk and other fibers not shown separately
(d) Up to and including 2 years of age
(e) Includes overalls and jumpsuits

N.A. -- Not available

SOURCE: U. S. Bureau of the Census (imports for consumption)

levels. Tops and vests, underwear, dresses, sweaters, coats and jackets, playsuits and girdles and corsets exhibited gains of between 30 and 50 percent. Imports of dressing gowns and robes, infants' sets and slacks and shorts rose between 10 and 30 percent, while those of skirts, brassieres and nightwear and pajamas were up by less than 10 percent. On the down side in 1980 were imports of coveralls, knit shirts, blouses and swimwear, which dropped by 10 percent or less, and suits, raincoats and bodywear, which declined in excess of 25 percent.

The Multifiber Arrangement, the agreement under which apparel and textile imports are controlled, will expire at the end of 1981. Preliminary discussions on renewal have already taken place. It is imperative to our industry that this agreement be renewed and that its loopholes be tightened. In the light of the continued increases in import penetration, it is also most urgent that bilateral agreements with the individual exporting nations be more strictly enforced. Import surges must be curtailed to avoid further disruption of the domestic apparel industry and special attention should be paid to truly developing countries, rather than the newly industrialized nations, within the framework of overall import limits on a global basis.

Employment, Manhours and Payrolls

Job opportunities in women's and children's wear continued to erode in 1980. The general economic climate and resumption of import growth contributed to the malaise. In the first four months of 1980, there were 1.5 percent fewer production workers on the industry's payrolls than a year earlier. The pickup in operations in early 1980 was met by longer work schedules in the shops, rather than by increasing employment. As a result, manhours were up by 1.4 percent.

Overall industry data are, of course, a composite of varying trends in the different branches of the industry. The severest employment decline in the January-April 1980 period was in the coat, suit and skirt industry, which was off by 8.2 percent. Employment in blouses was down by 5.9 percent, in corsets and brassieres by 4.6 percent, in children's outerwear by 3.0 percent and in knit underwear by 2.8 percent. In the dress and underwear and nightwear fields, employment was down by less than one percent. Two branches showed gains in this period. Other outerwear (shops making slacks, short, play garments, beach and ski wear and service apparel) was ahead by 0.4 percent while knit outerwear employment was up by 5.1 percent. In all branches, except for corsets and brassieres, longer working schedules led to a better showing in manhours than in employment. With the average worker earning 11.1 percent more per week, industry payrolls in the first four months of 1980 were up by 10.3 percent.

Activity slackened in the latter part of the year. In the May-October period, industry employment dropped by 1.1 percent compared with the 1979 period, while manhours fell by 1.5 percent as working schedules were cut back. As might have been expected, patterns varied in the different branches. The number of production workers was down by 9.5 percent in corset and brassieres, by 5.0 percent in children's outerwear, by 4.7 percent in dress shops, by 3.1 percent in blouses and by 1.6 percent in underwear and nightwear. Employment gained in four branches of the industry -- by 0.4 percent in knit underwear, by 1.6 percent in coats, suits and skirts (reversing the earlier drop), by 2.4 percent in other outerwear and by 4.8 percent in knit outerwear. Payrolls rose by 7.6 percent as the result of gains in workers' weekly earnings.

EMPLOYMENT, MANHOURS AND PAYROLLS, WOMEN'S AND CHILDREN'S GARMENT INDUSTRY

AVERAGE EMPLOYMENT OF PRODUCTION WORKERS

Period	Coat, Suit, Skirt	Dress	Blouse	Knit Outerwear*	Children's Outerwear	Other Outerwear	Corset, Brassiere	Underwear Nightwear	Knit Underwear*
1966	79,700	178,800	49,300	63,800	71,900	69,600	36,800	74,500	30,600
1972	63,800	177,200	41,300	66,700	64,900	91,600	26,400	75,400	30,600
1973	64,500	183,700	45,900	70,200	68,900	102,000	24,700	72,800	28,700
1974	61,300	166,300	45,500	67,100	63,200	103,500	22,700	67,000	29,400
1975	56,800	149,800	45,600	57,300	56,600	100,000	19,600	61,100	28,800
1976	61,000	151,100	48,400	60,500	60,200	112,600	19,300	64,900	31,400
1977	56,700	144,300	49,600	64,700	59,000	118,600	16,600	64,600	29,100
1978	55,500	145,300	53,600	67,100	59,100	124,600	16,100	63,900	29,000
1979	55,200	141,200	55,500	62,100	56,300	126,600	14,900	63,300	27,900
Jan-Apr'79	54,700	143,900	57,200	60,300	56,900	130,000	15,100	63,000	28,400
Jan-Apr'80	50,200	142,800	53,800	53,400	55,200	130,500	14,400	62,700	27,600
May-Oct'79	57,000	141,100	55,200	62,800	56,400	124,300	14,800	63,400	27,500
May-Oct'80	57,900	134,500	53,500	65,800	53,600	127,300	13,400	62,400	27,600
Jan-Oct'79	56,100	142,200	56,000	61,900	56,600	126,500	14,900	63,200	27,900
Jan-Oct'80	54,900	137,800	53,600	64,900	54,200	128,600	13,600	62,500	27,600

MANHOURS OF PRODUCTION WORKERS (in millions)

Period	Coat, Suit, Skirt	Dress	Blouse	Knit Outerwear*	Children's Outerwear	Other Outerwear	Corset, Brassiere	Underwear Nightwear	Knit Underwear*
1966	136.0	302.3	85.3	121.3	131.4	129.6	68.0	139.6	60.4
1972	108.1	297.1	72.2	129.2	117.3	164.3	47.9	138.2	58.5
1973	109.7	307.6	80.0	134.6	123.1	182.6	44.6	132.3	54.6
1974	103.1	263.7	77.2	126.7	111.7	182.9	40.1	119.5	54.6
1975	95.4	242.3	79.3	106.3	101.3	178.7	34.9	107.6	54.4
1976	104.1	251.4	84.3	115.0	109.5	199.4	35.7	118.9	59.8
1977	94.4	237.6	84.7	122.6	105.4	207.9	30.1	117.5	55.1
1978	93.1	237.5	92.6	124.8	106.6	218.8	29.4	113.7	54.6
1979	92.0	224.8	94.8	116.4	101.7	219.6	26.4	113.8	50.4
Jan-Apr'79	29.3	75.4	32.0	35.5	33.4	74.6	8.9	36.3	16.8
Jan-Apr'80	27.9	76.7	30.7	40.4	32.8	75.6	8.2	37.9	16.3
May-Oct'79	49.6	115.6	48.7	61.3	52.6	110.1	13.4	58.7	25.7
May-Oct'80	50.8	107.8	46.9	64.8	49.6	111.8	11.8	58.2	26.0
Jan-Oct'79	79.0	191.0	80.6	96.9	86.0	184.7	22.3	95.0	42.5
Jan-Oct'80	78.8	184.5	77.5	105.1	82.4	187.4	20.1	96.1	42.8

PAYROLLS OF PRODUCTION WORKERS (in millions of dollars)

Period	Coat, Suit, Skirt	Dress	Blouse	Knit Outerwear*	Children's Outerwear	Other Outerwear	Corset, Brassiere	Underwear Nightwear	Knit Underwear*
1966	$334.1	$644.6	$152.2	$240.8	$228.9	$225.4	$126.2	$229.0	$104.8
1972	325.2	830.7	178.1	352.0	283.9	402.9	120.6	312.9	143.0
1973	347.1	906.5	209.6	389.0	314.3	481.7	120.1	321.9	144.5
1974	349.5	843.9	220.7	397.1	305.3	526.5	116.8	314.7	155.3
1975	342.3	801.4	240.4	356.4	297.4	545.1	109.8	303.0	163.1
1976	390.3	887.8	272.9	408.4	317.8	657.6	120.6	359.4	193.5
1977	377.1	887.5	292.2	456.3	346.3	726.3	107.6	376.4	191.2
1978	391.3	953.0	340.0	491.9	377.8	830.1	112.3	398.9	204.2
1979	414.5	973.3	375.5	497.3	390.9	901.0	109.0	431.6	205.8
Jan-Apr'79	127.4	320.0	124.7	147.4	126.8	301.2	36.2	135.7	67.5
Jan-Apr'80	133.3	350.7	130.1	164.3	135.5	331.3	35.8	152.8	75.7
May-Oct'79	225.7	503.5	193.4	263.5	201.3	452.7	55.5	223.2	104.8
May-Oct'80	257.8	513.1	201.6	303.6	208.6	499.2	52.0	238.6	119.1
Jan-Oct'79	353.1	823.5	318.0	410.9	328.1	753.9	91.3	358.9	172.3
Jan-Oct'80	391.2	863.9	331.7	487.8	344.0	830.5	87.8	391.4	194.8

* Men's and women's garments
SOURCE: U. S. Bureau of Labor Statistics and ILGWU Research Department estimates

Hourly Earnings

The major ILGWU outerwear agreements were renewed in June, 1979. The renewed agreements provided for a four-step wage increase over the life of the agreement, three of which have already taken effect, in addition to improvements in fringe benefits. The impact of these substantial increases are reflected in the hourly earnings data collected by the Bureau of Labor Statistics for the various branches of the industry. The data, of course, include non-union shops as well as those organized by the ILGWU. They also reflect the impact of the higher legal minimum wage, which on January 1, 1981 reached its final level of $3.35 an hour under current legislation.

Between October 1978, prior to the last round of contract negotiations, and October 1980, the latest data for which figures are now available, average hourly earnings in the various branches of the women's and children's wear industry rose between 60 and 96 cents an hour. The largest increase in the two-year period -- 96 cents per hour -- took place in the coat, suit and skirt industry. Earnings in knit underwear mills rose by 88 cents an hour while in dress shops they were 81 cents higher. Average hourly earnings increased by 75 cents in knit outerwear mills, by 73 cents in children's outerwear, by 70 cents in blouses and by 69 cents in shops making "other outerwear" (including slacks, shorts, beach and ski wear, playsuits, service apparel and similar garments). The smallest gains between October 1978 and October 1980 -- 60 cents an hour -- were in the corset and brassieres and underwear and nightwear fields.

By way of contrast, hourly earnings in the various branches of the men's and boys' wear industry rose in this two year period by 69 cents in men's shirts and nightwear, by 66

AVERAGE HOURLY EARNINGS, WOMEN'S GARMENT AND OTHER SELECTED INDUSTRIES

Industry	Oct. 1961	Oct. 1971	Oct. 1972	Oct. 1973	Oct. 1974	Oct. 1975	Oct. 1976	Oct. 1977	Oct. 1978	Oct. 1979	Oct. 1980
WOMEN'S GARMENTS											
Coats, suits, skirts	$2.35	$3.17	$3.13	$3.26	$3.55	$3.64	$3.90	$4.12	$4.26	$4.63	$5.22
Dresses	1.94	2.74	2.86	3.00	3.20	3.34	3.62	3.84	4.10	4.44	4.91
Blouses	1.57	2.36	2.53	2.71	2.92	3.09	3.28	3.49	3.71	4.06	4.41
Knitted outerwear*	1.70	2.59	2.78	2.95	3.24	3.41	3.62	3.79	4.00	4.40	4.75
Children's outerwear	1.53	2.32	2.42	2.63	2.82	2.96	3.13	3.33	3.57	3.89	4.30
Other outerwear	1.57	2.35	2.50	2.71	2.96	3.09	3.35	3.57	3.85	4.20	4.54
Corsets, brassieres	1.63	2.46	2.56	2.72	2.99	3.20	3.43	3.56	3.84	4.23	4.44
Underwear, nightwear	1.46	2.25	2.29	2.51	2.70	2.86	3.09	3.28	3.56	3.86	4.16
Knitted underwear*	1.50	2.32	2.47	2.73	2.93	3.09	3.32	3.57	3.75	4.17	4.63
MEN'S CLOTHING											
Suits, coats	1.96	3.11	3.27	3.49	3.76	3.94	4.22	4.49	4.91	5.27	5.46
Shirts, nightwear	1.39	2.16	2.28	2.46	2.66	2.79	3.07	3.20	3.51	3.84	4.20
Separate trousers	1.42	2.16	2.33	2.57	2.87	2.99	3.23	3.45	3.74	4.11	4.40
Work clothing	1.37	2.07	2.19	2.38	2.68	2.83	3.05	3.21	3.53	3.81	4.18
ALL MANUFACTURING	2.34	3.60	3.88	4.16	4.59	4.92	5.32	5.82	6.33	6.82	7.49
NON-DURABLE GOODS	2.13	3.30	3.53	3.77	4.14	4.44	4.83	5.21	5.65	6.14	6.72
DURABLE GOODS	2.50	3.83	4.13	4.42	4.89	5.28	5.67	6.22	6.77	7.25	8.01
Automobiles	2.88	4.70	5.19	5.50	6.22	6.75	7.09	8.13	8.86	9.18	10.45
Primary metal industries	2.96	4.35	4.74	5.16	5.82	6.36	6.87	7.66	8.42	9.11	10.09
Printing, publishing	2.76	4.27	4.61	4.82	5.15	5.50	5.83	6.25	6.63	7.10	7.74
Rubber and plastic products	2.40	3.44	3.68	3.90	4.20	4.45	4.90	5.23	5.67	6.12	6.71
Cotton fabrics	1.60	2.57	2.72	3.04	3.26	3.61	3.95	4.30	4.62	5.04	5.49
Silk and synthetic fabrics	1.67	2.63	2.80	3.13	3.35	3.65	3.98	4.33	4.67	5.11	5.53
Wool fabrics	1.77	2.75	2.93	3.12	3.40	3.59	3.88	4.28	4.52	4.94	5.38
COAL MINING	3.08	4.31	5.22	5.64	6.27	7.26	7.78	8.40	9.83	10.31	10.94
BUILDING CONTRACTORS	3.07	5.46	5.75	6.00	6.49	6.96	7.44	7.71	8.27	8.81	9.44

* Men's and women's garments
SOURCE: U.S. Bureau of Labor Statistics

cents in separate trousers, by 65 cents in work clothing and by 55 cents in the men's coat and suit industry.

Current Outlook

The key factor that will affect economic growth adversely in the first part of 1981 is the high level of interest rates. Although the Federal Reserve Board claims that it is seeking to reduce inflation by controlling the money supply, its current policy appears to be directed toward dealing with inflation by intensifying a downturn in the economy.

The Consumer Price Index had benefitted for much of 1980 from the fairly stable level of energy prices following the sharp rises at the beginning of the year. Oil production, in fact, had been outrunning consumer demand all year and high petroleum inventories had prevented a scramble for oil after the outbreak of hostilities between Iraq and Iran. Mortgage rates had began to drop, contributing to lower rates of general price increases and supporting a recovery in housing. Lower interest rates also seemed to be buoying a renewal of production and sales in the depressed automobile industry.

This has now changed. In addition to causing the economy as a whole to slow down, interest rate increases add to all costs. New rises in the price of petroleum products and the rapid increase in food prices will further intensify inflation. Added to man-made factors, weather conditions in the summer of 1980 have made for a relatively poor year in cereals and feed grains, which will lead to increases in food prices, including the price of meat, in 1981. Consumer demand will also be affected by the rise in social security taxes and the earnings base in January 1981, which will further decrease disposable personal income. Capital outlays for 1981, projected before the precipitate rise in interest rates, were anticipated to go up by only 1.8 percent in real terms, compared with a 1 percent increase in 1980. All of the increase, however, would come from energy investments. Excluding such outlays, there would be a decline in real terms.

As the threat of renewed recession intensifies, two of President-elect Reagan's principal economic advisers have warned of the dangers of an "economic Dunkirk". Throughout the election campaign, supply-side economics was put forth as the basis for the new administration's economic policy. This concept, never tested, is, at best, a theoretical construct. Its major policy implication is that reducing taxes, primarily those paid by the upper middle and upper classes, will create investment incentives, turn the economy upwards and contain prices. It should be clear, however, that there is no quick fix for the economy.

Business does not invest because it is a good thing to do. Business invests to make profit and is encouraged to invest when capacity constraints preclude the ability to meet demand. Substantial increases in the current use of capacity would have to precede substantial new investments. Further redistribution of income to the "haves" does not solve the country's economic growth and renewal problems. To operate effectively and to grow, our economy needs a mass market, high levels of employment and greater real incomes for the mass of the people, all within a structure of moderate prices. If the new Administration is serious about controlling inflation and encouraging economic growth, it will at some point have to give serious attention to price and wage controls to prevent profit-seeking arbitrary price rises and to stop the erosion of the purchasing power of the mass of Americans who are wage earners; foreign exchange control to rein in speculative international money movements which

contribute to inflation; and a program of public works to provide the unemployed with work that is meaningful and contributes to the general welfare of the country.

The course of the economy in the year ahead will have unavoidable repercussions on the women's and children's apparel industry. A continuation of the present pace -- inadequate growth in incomes and purchases, high interest rates and more stagflation -- should hurt our industry relatively less than many other sectors of the economy. Funds that would otherwise be used for down payments on big-ticket purchases will be diverted in part to such lower cost items as apparel. A continued growth in the number of working women and their slow but steadily increasing entry into administrative, professional and executive positions is stimulating sales of suitable apparel. At the same time, the rise in the number of births in the past few years is starting to exert a positive influence on the infants' and children's wear market.

While the retail inventory situation will not be entirely evident until the Christmas tallies are in, it does not appear that stocks are overburdened. Current high interest rates make it uneconomic to overstock and fears of a further sharp downturn have encouraged lean inventories. Any encouraging signs in the economy should see retailers increase their purchases. Promotions will undoubtedly continue to move merchandise and keep store traffic up. While maintaining low retail inventories is understandable, a drop in business can be accentuated if customers find little in their size that meets their fancy. At the same time, manufacturers also will be loath in the face of the high interest rates to maintain stocks of fabric or finished goods in order to provide rapid delivery to stores if demand suddenly rises.

Spring fashions avoid extremes and offer a diversity to please different points of view. Femininity is returning in the form of ruffles, full skirts and shaped waistlines. Trousers in a myriad of styles, lengths and silhouettes are being shown. A new softness is entering the bottoms market. Industry designers have been individualistic and customers who have shown a willingness to experiment find garments to suit every mood. There is little controversy over the hemline, which seems to hover around the knee. Continued high costs of fuel and energy presage no let-up in the demand for warm garments to wear in homes and businesses with lowered temperatures.

The major question facing the industry is the degree to which any improvement in business at retail is likely to be translated into production and jobs. The large rise in imports in 1980, at a time when the economy was receding, creates considerable concern. Unless the import flow is restrained once our own economy starts to improve and a new import surge is prevented, countless job opportunities will be lost. Imports must, therefore, remain a major concern in the days ahead.

APPENDIX

UNIT PRODUCTION AND NET VALUE OF SHIPMENTS, WOMEN'S AND CHILDREN'S GARMENTS

UNIT PRODUCTION (millions of garments)

PRODUCT	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
WOMEN'S AND MISSES' GARMENTS														
Coats	27.7	26.0	26.1	25.6	25.9	24.8	25.2	24.6	22.4	23.2	22.2	20.1	20.1	18.4
Suits, other than pantsuits	11.6	12.7	12.2	12.0	8.6	7.0	6.7	7.4	7.5	8.8	11.0	11.4	10.1	8.3
Pantsuits	--	--	6.1	10.5	21.1	16.0	17.9	17.6	20.6	23.7	21.4	20.8	18.2	14.0
Jackets	13.3	11.8	11.0	11.8	11.5	13.1	20.5	27.0	29.0	23.4	26.9	28.1	23.6	22.0
Dresses	321.3	314.2	335.8	326.7	316.3	299.9	289.4	275.5	222.7	222.8	213.5	228.3	224.3	200.7
Blouses and waists	223.3	192.8	213.7	204.1	193.6	190.7	215.3	236.5	245.2	277.8	296.2	335.6	347.0	338.1
Knit sport shirts (a)	49.2	55.2	56.7	52.7	65.2	76.1	86.3	85.0	99.7	107.7	117.9	151.6	147.1	139.3
Sweaters	99.5	89.1	86.3	81.2	73.0	72.5	79.7	87.5	80.5	85.3	81.0	81.0	72.9	61.5
Skirts	131.1	115.8	108.1	108.9	89.5	75.2	66.2	64.7	57.9	63.7	64.9	68.8	73.5	67.2
Slacks	93.2	91.0	93.3	93.9	93.0	108.1	139.8	154.3	164.5	169.8	169.9	155.2	151.6	147.2
Dungarees and jeans	17.7	22.7	29.7	31.8	39.0	54.7	65.8	70.8	74.0	70.6	76.5	72.7	54.7	63.0
Playgarments (b)	49.3	48.4	50.1	41.2	40.0	35.3	33.5	33.0	29.8	30.6	29.1	29.7	30.0	27.4
Bathing suits	21.0	22.5	24.1	22.9	23.7	22.8	24.1	21.0	21.1	23.0	25.4	27.7	29.9	31.7
Raincoats	13.6	13.9	14.4	13.3	12.0	12.0	10.9	10.2	8.9	9.0	9.3	7.5	6.8	6.5
Washable service apparel	60.9	61.9	51.6	47.4	42.2	33.0	30.7	27.9	31.7	28.5	28.8	38.9	38.4	40.7
Corsets	96.2	98.7	99.9	87.5	75.4	67.2	66.2	58.7	52.4	53.3	51.8	53.1	49.2	46.9
Brassieres	250.5	254.0	260.9	256.0	232.7	233.7	236.7	232.0	201.9	187.5	207.1	209.6	206.5	209.9
Slips and petticoats	150.7	151.2	158.7	141.6	126.1	102.0	104.8	93.7	88.0	70.3	80.0	80.3	82.6	86.0
Panties	393.4	392.0	416.0	411.7	429.6	431.7	419.2	469.5	438.5	504.1	519.8	478.9	442.2	405.3
Nightgowns and pajamas	136.7	133.2	135.3	146.5	154.5	179.0	182.7	177.8	171.9	160.3	161.7	172.3	177.8	156.4
GIRLS', CHILDREN'S AND INFANTS' GARMENTS														
Coats	11.9	12.8	12.4	10.8	10.2	8.9	8.7	8.2	8.3	7.3	6.9	5.6	4.6	4.7
Jackets	7.0	8.4	10.0	7.3	6.7	5.8	6.0	7.1	7.6	7.9	7.6	7.4	6.5	6.2
Dresses	120.6	120.4	126.4	122.1	112.7	112.3	106.5	99.4	88.7	79.8	74.8	74.5	72.2	71.9
Blouses and waists	35.4	30.8	29.9	29.7	31.2	40.7	36.3	33.9	33.9	38.9	44.8	46.2	52.6	50.5
Knit sport shirts (a)	98.9	90.8	100.4	88.8	78.6	96.3	107.7	123.8	123.2	131.7	145.8	143.0	141.7	135.3
Sweaters	35.5	32.5	33.5	28.6	19.4	19.7	18.3	19.1	20.0	16.9	13.4	18.8	13.9	11.8
Skirts	17.5	13.8	13.8	12.8	12.9	12.2	8.5	9.4	7.4	6.6	7.3	5.9	8.0	8.2
Slacks and shorts	80.9	83.3	87.3	77.3	70.6	79.4	77.9	80.2	81.1	75.1	70.5	64.2	61.9	62.3
Dungarees and jeans	23.6	31.6	21.3	21.8	24.1	24.8	27.0	24.8	26.0	27.6	32.6	36.7	35.0	32.3
Playgarments (b)	168.8	150.4	142.9	131.7	129.1	112.6	120.2	121.9	118.5	108.2	110.5	109.4	117.2	106.7
Bathing suits	18.3	15.8	14.9	10.9	11.1	10.8	11.9	10.7	11.4	9.6	10.4	10.7	11.2	11.2
Raincoats	2.8	2.8	2.7	2.0	2.2	2.5	1.4	1.2	1.1	0.7	0.5	0.5	0.6	0.5
Slips and petticoats	30.5	26.6	25.1	23.7	21.0	20.5	14.1	10.7	7.6	7.8	6.2	5.5	5.2	6.3
Panties	192.0	197.7	222.5	229.5	222.5	226.6	222.1	190.2	179.7	181.0	194.9	169.2	172.2	176.7
Nightgowns and pajamas	97.6	98.0	94.9	96.9	102.0	105.8	107.3	102.0	105.5	96.9	88.8	96.2	103.1	79.8

VALUE OF SHIPMENTS (millions of dollars)

PRODUCT	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
TOTAL	$ 8,656	$ 8,946	$ 9,557	$ 9,954	$ 9,893	$10,236	$10,912	$11,770	$12,057	$12,719	$13,484	$14,539	$15,765	$15,772
WOMEN'S OUTERWEAR														
Coats	672	672	663	659	615	596	611	610	663	631	645	629	682	713
Suits, other than pantsuits	246	281	301	282	187	160	169	178	184	226	249	338	320	250
Pantsuits	--	--	98	157	236	231	272	300	315	316	314	350	316	232
Jackets	73	69	69	76	82	113	168	241	301	245	300	342	357	370
Dresses	2,279	2,512	2,712	2,774	2,708	2,773	2,737	2,806	2,528	2,647	2,667	2,764	3,248	3,024
Blouses and waists	515	473	526	575	600	654	801	977	1,123	1,320	1,420	1,644	1,886	1,969
Knit sport shirts (a)	107	138	145	148	198	224	304	321	385	434	479	614	615	611
Sweaters	352	321	327	321	298	294	336	390	385	428	450	481	469	396
Skirts	485	452	437	433	357	328	308	328	300	372	399	435	554	591
Slacks	247	241	254	343	364	452	608	781	838	954	999	1,021	1,168	1,139
Dungarees and jeans	26	33	52	85	118	193	245	300	355	377	430	440	338	455
Playgarments (b)	142	140	150	117	120	113	117	128	107	95	94	105	105	97
Bathing suits	94	110	122	159	164	156	165	142	158	170	188	215	240	273
Raincoats	123	148	151	151	145	151	155	160	162	151	163	165	172	186
Washable service apparel	123	135	126	124	120	111	112	113	137	137	143	185	203	215
Other outerwear	350	340	360	377	410	450	494	516	548	569	584	619	685	720
CHILDREN'S OUTERWEAR														
Coats	75	84	95	96	102	96	95	88	95	82	78	63	51	54
Jackets	21	26	34	29	30	28	29	35	38	41	41	46	39	36
Dresses	320	330	353	376	373	374	354	373	346	343	337	350	353	385
Blouses and waists	50	44	47	49	57	65	67	68	78	92	105	123	149	154
Knit sport shirts (a)	84	91	100	99	97	121	142	170	190	207	246	258	284	298
Sweaters	70	67	69	58	44	45	48	52	55	49	48	65	53	55
Skirts	47	38	36	36	37	37	25	32	25	26	32	30	41	45
Slacks and playgarments (b)	247	224	254	294	322	340	373	407	449	449	476	471	521	514
Dungaress and jeans	33	46	32	36	42	47	52	62	69	88	102	126	125	126
Bathing suits	44	39	40	26	28	26	30	28	32	28	31	37	40	46
Raincoats	10	9	11	10	15	17	9	8	8	6	5	4	5	6
Other outerwear	140	148	153	160	177	175	181	197	215	221	243	249	259	277
INTIMATE APPAREL														
Corsets and brassieres	654	678	714	733	667	689	697	694	636	633	702	743	749	763
Undergarments	575	603	646	638	574	524	521	536	533	584	652	675	723	800
Nightwear	449	456	480	531	558	673	687	729	799	798	862	952	1,015	972

(a) Includes sweatshirts
(b) Includes playsuits, shorts, pedal pushers, and other playgarments

SOURCE: U.S. Bureau of the Census data benchmarked to the 1972 Census of Manufactures

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6/2/21 A5700-1

CONDITIONS IN THE WOMEN'S GARMENT INDUSTRY

JUNE 16, 1981

Economic Background

Gains in real gross national product in the third and fourth quarters of 1980, as well as the positive performance in the first quarter, were not sufficient to erase the massive drop that occurred in the second quarter. As a result, the measure of the nation's output of goods and services declined slightly in the year as whole over the prior year. The prime interest rate, which ranged from 10 3/4 percent to an all-time high of 21½ percent, averaged slightly over 15 percent for the year. The Consumer Price Index increased by 12.4 percent.

In real terms, personal consumption expenditures were up marginally. Per capita disposable income could buy 0.3 percent less than in 1979. Residential fixed investment was down by 18.6 percent, the result of high mortgage rates, while non-residential fixed investment declined by 3.0 percent. Exports rose by 9.7 percent and imports remained relatively stationary. Real purchases of goods and services by the federal government increased by 6.5 percent in the year and state and local government outlays were up by less than 1.0 percent.

Industrial production declined by 3.5 percent in 1980 after having gone up by 4.4 percent in 1979. Capacity utilization in manufacturing fell from 85.7 percent in 1979 to 79.0 percent. Production of durable goods was down by a substantial 12.4 percent and its automobile component alone declined by 12.9 percent.

Indicative of some of the problems that confronted the economy in 1980 are the data related to employment. Manufacturing employment was 700,000 below the 1979 figure. Employment in service-related industries, where growth has occurred year after year despite general economic downturns, was up by 1.4 million, primarily in services, wholesale and retail trade, finance, insurance and real estate and state and local government. Although total non-agricultural employment rose by about 700,000, the absolute growth and the rate of increase were lower than they had been since 1975. As a result, unemployment was up by 1.5 million, the unemployment rate having risen from 5.8 percent in 1979 to 7.1 percent in 1980.

In the first quarter of 1981, real gross national product rose by an impressive 2.0 percent, the highest rate of increase in any quarter since the booming second quarter of 1978. It was the third successive quarter of real GNP growth. Personal consumption expenditures were up 1.2 percent, with outlays for durable goods rising

5.2 percent. The latter increase was largely related to the automotive price rebate program, which began in mid-February and continued into March. Expenditures on non-durable goods rose by a lesser 1.1 percent, while those for services remained flat.

Fixed investment increased by 2.6 percent in the quarter, most significantly in non-residential areas, where the increase was 3.2 percent. On the other hand, residential fixed investment grew by only 0.4 percent. Federal government purchases rose by 3.4 percent, but those of state and local governments were flat.

Industrial production increased 1.8 percent in the quarter, which was less than in the previous quarter. A considerable portion of the increase in industrial production in March reflected replenishment of inventories in the automobile industry following the industry-wide rebate programs. Capacity utilization in manufacturing rose slightly. Housing starts were again down sharply, largely the result of a massive decline in February. Mortgage rates rose further as interest rates increased.

The unemployment rate dropped slightly in the first quarter, but at between 7.3 percent and 7.4 percent it was more than a full percentage point higher than in the first quarter of 1980. Non-farm employment rose at a slower pace than in the fourth quarter of 1980, the largest part of the increase being registered in service-producing industries, primarily wholesale and retail trade and services. The Consumer Price Index registered a 2.6 percent increase, the same rate of increase as in the prior quarter, but considerably below that in the first quarter of 1980.

The second quarter appears to have started out by reflecting the downward trend that had begun to show itself in some of the key economic areas in the waning months of the first quarter. While these data are still spotty, a slowdown in economic activity in the second and perhaps in the third quarter is generally anticipated. The prime interest rate, which had declined to 17 percent at the end of the first quarter, started rising again in mid-April in line with the efforts of the monetarists in the U. S. Treasury to maintain a slow rate of growth in the money supply, regardless of ensuing interest rate levels and their price consequences. Although the prime rate moderated slightly in the latter part of May and early June, policy makers in Washington have made it clear that the prime would go up if the rate of increase in the money supply, in their opinion, warrants it.

The Consumer Price Index rose by 0.6 percent in April, the lowest rate of increase since last July. Unemployment rose to 7.6 percent in May. Employment in manufacturing was essentially flat in the first two months of the quarter. Spending for new construction dropped 2.7 percent, while residential construction, including additions and repairs, was off 0.4 percent. Sales of new one-family houses were down 13.5 percent in the month. New factory orders declined 0.8 percent and manufacturers' shipments were off, raising the possibility of renewed layoffs in a number of industries as inventories continued to rise. Automobile sales slumped sharply in April, following the end of the rebate programs.

Retail Sales

Retail sales were generally disappointing in 1980. Where gains occurred, they were entirely the result of higher prices and not because of increases in the quantity of goods sold. For the year as a whole, total retail sales were ahead 7.0 percent with a drop of 2.3 percent in durable goods and a gain of 11.7 percent in

non-durables. In real terms -- after price changes are taken into account -- total sales were down by 5.1 percent. The durable sector was down 11.3 percent and non-durables were off by 1.5 percent.

A number of factors accounted for this poor showing. Real spendable weekly earnings were lower than they have been for many years. Interest rates were high, making credit buying of large-ticket items such as automobiles and appliances too expensive for the average family. Economic uncertainties also cast a pall on buying plans. Retail sales figures, skewed by healthy spending by upper bracket America, cast the overall picture in a brighter than deserved light. Lower and middle income families were hit harder by the economic crunch and outlets serving this sector did not fare as well as those serving a more affluent clientele.

Women's and children's apparel and accessories was one of the few sectors to show real gains at retail in 1980. Aided by heightened purchasing of better lines and the continued growth in the female labor force, sales of feminine apparel were 6.1 percent ahead of the prior year. Price movements were modest and real sales of feminine attire were 3.5 percent higher in 1980.

The weak general retail picture continued into 1981. In January and February total retail sales advanced 7.5 percent over the same two months of last year. However, after taking inflationary factors into account, real sales were down by 2.7 percent. Retail sales showed somewhat more vigor from March. A boost in automobile sales in response to manufacturers' rebates was partly responsible. Overall retail sales in March and April advanced 12.8 percent in current dollars, while moving ahead

RETAIL SALES OF WOMEN'S AND CHILDREN'S CLOTHING AND ACCESSORIES* BY TYPE OF OUTLET

(in millions of dollars)

Period	Total Sales	Department Stores	Women's Ready-to-wear Stores	Family Clothing Stores	Other Retail Outlets
1966	$18,112	$ 7,763	$ 5,831	$ 1,308	$ 3,210
1972	25,021	11,112	8,082	2,064	3,763
1973	27,972	12,308	9,336	2,502	3,826
1974	29,617	12,761	9,910	2,735	4,211
1975	31,683	13,451	10,926	2,933	4,373
1976	34,298	14,670	11,840	3,207	4,581
1977	36,527	16,251	11,925	3,472	4,879
1978	40,426	17,872	13,775	3,550	5,229
1979	43,342	19,597	14,398	3,730	5,617
1980	45,974	20,852	15,056	4,138	5,928
Jan-Apr'80	12,787	5,753	4,248	1,137	1,649
Jan-Apr'81	13,728	6,311	4,533	1,159	1,725

* Data include traditional products of the women's garment industry as well as millinery, furs, hosiery, gloves and other accessories

SOURCE: ILGWU Research Department (benchmarked to 1967, 1972 and 1977 Census of Business)

3.4 percent in real terms. These were the first gains in real sales in over a year to last more than a single month.

For the first four months of 1981, compared with the previous year, durable goods sales were ahead 10.9 percent in current dollars, but up only 2.0 percent in real terms. Non-durable sales rose 9.9 percent, but were off 0.5 percent once price changes are considered. In all, sales were ahead 10.2 percent in the first four months of 1981, with price changes accounting for all but 0.4 percent of this gain.

Unlike retail volume as a whole, women's and children's wear chalked up gains in current dollars and in real terms in every month of 1981. Retail volume was up 7.4 percent in the first four months of 1981 compared with the same 1980 period. In real terms, the sales of women's and children's wear were ahead 5.4 percent.

The 1981 gains in women's and children's wear sales resulted from many factors. A later Easter made for a longer selling season and fair weather this Spring brought customers out. Current fashions offered in the stores were more appealing than last year's classic and "preppy" looks. Lines were softer and skirts fuller. Ruffles took the place of more tailored styles. Quality merchandise did well as did some promotional lines. Furthermore, apparel offered better values to consumers than many other products, since retail prices of women's and children's wear were only 1.9 percent higher than a year ago. In contrast, in the same period overall prices of durables were up 8.7 percent and those of non-durables by 10.4 percent.

Details on retail sales for May are not yet available. However, indications are that sales generally held up and that women's and children's wear in particular did well. Unseasonably warm weather apparently stimulated an interest in summer merchandise and customers were out trying to get their wardrobes into shape.

Among the outlets selling women's and children's wear, department stores rang up the largest gains in 1981, followed by women's ready-to-wear stores and then by other outlets, including mail order houses and variety stores. In a reversal of their pace-setting performance last year, family clothing stores showed the smallest gain.

From the point of view of our industry and its workers, the one negative factor in retail developments continues to be the ever greater role played by imported apparel. Searching for higher markups, retailers have increasingly turned to foreign sources for both branded and private label apparel. As a result, opportunities for the domestic apparel industry to share in consumption growth have been undermined.

Production of Women's and Children's Wear

Little of the buoyancy exhibited by retail sales of women's and children's wear carried over into domestic production. With merchants relying more and more on imported goods, activity in the industry's factories barely held its own in 1980 and the physical volume of output dropped 0.2 percent. In the first three months of 1981, output fell another 1.2 percent compared with the same months in 1980. There is little evidence of a reversal in trend in April and May.

Detailed 1981 information is available only for a handful of women's wear items. As was the case last year, the best showing in the first three months of this year took place in skirts, where production was ahead by 43.4 percent. The movement towards more feminine lines, as well as the growing popularity of split skirts, helped make

UNIT PRODUCTION OF SELECTED WOMEN'S AND MISSES' GARMENTS AND PHYSICAL VOLUME OF OUTPUT, WOMEN'S AND CHILDREN'S APPAREL INDUSTRY

(in millions)

Period	UNIT PRODUCTION						Physical Volume of Output#
	Coats	Suits@	Dresses	Blouses	Skirts	Sweaters*	
1966	27.7	11.6	321.3	223.2	131.1	147.0	$9,051
1972	25.2	24.6	289.4	215.3	66.2	130.8	$9,222
1973	24.6	25.0	275.5	236.5	64.7	151.3	$8,684
1974	22.4	28.1	236.9	245.2	57.9	148.3	$8,363
1975	23.2	32.5	222.7	277.8	63.7	134.8	$8,335
1976	22.2	32.5	213.5	296.2	64.9	127.2	$8,451
1977	20.1	32.2	228.3	335.6	68.8	127.5	$8,641
1978	20.1	28.3	224.3	347.0	73.5	117.3	$8,417
1979	18.4	22.3	200.7	338.1	67.2	101.4	$8,014
1980	20.4	18.6	199.1	348.6	79.7	117.5	$7,994
Jan-Mar'80	4.0	5.3	61.0	92.2	20.5	22.0	$1,999
Jan-Mar'81	3.7	3.7	43.6	95.5	29.4	19.9	$1,975

@ Suits including pant-suits
* Sweaters for women and men
# Physical volume of output of women's and children's apparel industry expressed in 1967 value
SOURCE: U.S. Bureau of the Census and ILGWU Research Department (benchmarked to 1963, 1967 and 1972 Census of Manufactures)

this one of the few positive sectors. Blouse production was also ahead, but only by 3.5 percent. In all other sectors, the trend was downward. Coat output was off by 7.5 percent, dress production fell by 28.5 percent and suit output was down by 30.2 percent. In sweaters, developments were mixed. Production of women's sweaters was down by 16.9 percent, while that of men's sweaters was up by 5.3 percent, for a combined decline of 9.5 percent.

Information on 1981 output of products not surveyed currently by the Census Bureau is still fragmentary and few clear cut trends have emerged. Production of a number of sportswear items, notably in better lines, held up or was ahead of last year. Otherwise, output was soft. Intimate apparel production was also sluggish in the first part of this year, though sleepwear seemed to do somewhat better than daywear or foundations.

Activity in our industry is also being adversely affected by the current state of the economy, particularly the high cost of credit. When interest rates were low, they

played a modest role; they now loom as a critically large factor in a firm's cost structure. Carrying stocks either of finished goods or fabrics has become very expensive, curtailing the ability to profit from extended production of hot items. Retailers are also being strained by credit costs and strive to maintain lean inventories.

IMPORTS

Imports of women's and children's apparel made of cotton, wool and man-made fibers (measured in terms of square yards of material used in their manufacture) rose 12.0 percent in 1980, following a brief respite in 1979 when shipments of foreign made apparel dropped 9.7 percent. Even though economic conditions were uncertain during 1980 and retailers tried to keep inventories lean, as noted earlier, they extended their commitments for imports at the expense of domestic apparel. The reason, obviously, was to secure larger profits through the higher markups available on imports.

The situation continued into 1981. In the first four months of the year, imports of women's and children's wear increased by 5.2 percent over 1980, with woven goods ahead 28.0 percent, while knits were down 13.1 percent. The largest 1981 increase, 32.8 percent, took place in wool garments. Running counter to the overall shift to woven goods, knit wool garments were 36.4 percent higher and wovens were up 17.8 percent. Imports of cotton women's and children's wear rose 11.3 percent, with woven goods up 26.4 percent and knit garments down 21.0 percent. In man-made fiber garments, a similar pattern emerged, with wovens increasing 30.1 percent, knits declining 12.1 percent and the overall gain being limited to 1.3 percent. Except for wool garments, where less expensive garments were imported in 1981, the trend was toward higher priced merchandise. Average unit values for the three fibers combined were up 15.0 percent.

Imports of specific garments in 1981 ranged from sharp increases to steep declines. Robes and dressing gowns were ahead by 71 percent. Imports of skirts, coats, girdles, underwear and nightwear rose between 25 and 45 percent. Suits, dresses and bodysuits were ahead 10 to 20 percent, while blouses, rainwear, knit shirts, infants' sets, playsuits and slacks and shorts rose less than 10 percent. Showing declines in 1981 were brassieres, judo and karate suits, sweaters and coveralls, all of which dropped by less than 20 percent, tops and vests, which were off by 33 percent, and swimwear and culottes, where imports were down by around 50 percent.

Renewed growth of apparel imports continues to pose a serious threat to the domestic industry. In 1979, the ratio of imports to domestic production had eased somewhat. However, heightened import flows in 1980 and 1981, coupled with declines in domestic production, indicate that import penetration is once again on the rise. This situation, requiring firm action to prevent further job erosion, must be dealt with when the Multifiber Textile Arrangement, now due to expire at the end of 1981, is renewed.

The Arrangement should provide controls in line with domestic production in the importing countries. Total imports of specific products should be regulated. Within such total levels, due regard should be given to the needs of developing nations as against those of the newly industrialized countries. Flexibility provisions must be tightened, undue surges in imports prevented and the coverage of the Arrangement broadened to include all textile and apparel products. Only in this manner can our industry and that in other importing countries be safeguarded against further job erosion.

IMPORTS OF SELECTED WOMEN'S AND CHILDREN'S GARMENTS
(in thousands of units)

Product	Year 1975	Year 1976	Year 1977	Year 1978	Year 1979	Year 1980	Jan-Apr 1980	Jan-Apr 1981
Coats & jackets, cotton	3,990	6,676	7,586	8,656	8,413	14,580	3,558	5,573
" " " wool	609	817	1,335	2,294	1,936	2,259	159	197
" " " synthetic	13,567	19,534	23,760	25,746	22,287	26,017	6,414	8,069
TOTAL	18,166	27,027	32,681	36,696	32,636	42,857	10,131	13,839
Suits, wool	766	580	547	414	445	344	41	32
" synthetic	3,580	3,216	2,826	3,085	1,725	1,370	570	657
TOTAL	4,346	3,796	3,373	3,499	2,169	1,715	610	688
Dresses, cotton	4,927	6,412	5,854	6,534	4,832	8,413	3,356	4,005
" wool	669	586	761	635	496	1,013	27	75
" synthetic	13,605	12,276	10,194	12,840	11,860	13,884	4,784	5,653
" silk (non-ornamented)	54	91	230	463	990	1,143	392	472
TOTAL	19,255	19,365	17,039	20,472	18,178	24,453	8,559	10,204
Blouses, cotton	43,186	59,602	64,750	107,284	126,748	107,475	45,016	48,392
" wool	523	1,987	7,712	7,631	6,450	6,603	657	566
" synthetic	73,246	80,774	75,395	90,246	89,169	93,214	40,679	38,727
" silk (non-ornamented)	240	624	1,732	3,543	3,806	3,668	1,127	1,494
TOTAL	117,195	142,987	147,589	208,705	226,173	210,960	87,479	89,179
Knit shirts (a), cotton	37,650	60,632	63,743	66,294	58,774	51,421	20,615	20,107
" " synthetic	156,761	159,342	157,434	156,507	123,630	116,788	39,334	42,775
TOTAL	194,411	219,974	221,177	222,801	182,404	168,209	59,949	62,883
Sweaters (b), cotton	5,453	5,025	2,905	4,086	5,485	6,115	2,914	1,656
" wool	11,814	21,826	30,133	22,825	19,910	30,659	4,139	4,301
" synthetic	110,695	114,946	109,461	113,583	94,846	112,384	19,120	15,527
TOTAL	127,965	141,824	142,609	141,053	120,747	149,879	26,227	21,814
Skirts, cotton	3,052	6,065	5,109	7,275	8,469	9,955	4,007	5,090
" wool	543	613	902	1,488	1,623	1,298	72	77
" synthetic	2,503	2,678	1,840	3,633	4,043	3,522	1,265	1,520
TOTAL	6,098	9,356	7,851	12,397	14,135	14,774	5,344	6,686
Slacks & shorts, cotton	46,353	59,513	77,314	94,794	86,368	97,843	32,777	35,637
" " " wool	600	667	777	1,173	736	959	34	67
" " " synthetic	73,515	72,242	61,276	75,992	66,431	68,584	32,995	36,056
TOTAL (c)	120,474	132,481	139,505	172,322	153,860	168,035	65,978	72,059
Playsuits, cotton	6,719	9,755	11,981	11,659	12,292	18,114	7,059	7,716
" synthetic	7,705	8,403	8,554	9,206	7,839	8,382	4,029	4,277
TOTAL	14,424	18,158	20,535	20,865	20,132	26,496	11,088	11,993
Raincoats (b), cotton	1,738	2,387	2,465	3,888	4,009	2,331	793	711
" synthetic	3,623	6,130	4,764	6,030	5,529	4,365	1,241	1,389
TOTAL	5,361	8,517	7,229	9,918	9,538	6,696	2,034	2,100
Dressing gowns & robes, cotton	686	1,404	1,900	1,838	1,005	1,814	632	1,051
" " " " wool	3	2	10	18	5	82	63	(f)
" " " " synthetic	659	851	936	1,302	1,695	1,555	468	939
TOTAL (c)	1,352	2,265	2,856	3,172	2,712	3,469	1,165	1,993
Nightwear & pajamas, cotton	3,343	4,787	6,368	7,172	6,369	6,652	1,090	1,647
" " " synthetic	1,155	1,682	1,519	2,140	1,848	1,873	491	630
TOTAL (c)	4,498	6,472	7,889	9,313	8,221	8,534	1,583	2,279
Underwear, cotton	2,011	3,917	6,731	12,627	15,971	19,177	4,662	7,883
" wool	109	85	152	257	204	266	31	12
" synthetic	15,181	18,306	22,680	22,584	23,490	33,960	8,922	11,478
TOTAL (c)	17,400	22,330	29,642	35,728	39,739	53,466	13,648	19,361
Brassieres, cotton	5,737	7,840	4,407	2,278	2,223	1,619	637	368
" synthetic	77,310	97,175	109,678	126,091	131,508	142,529	47,896	45,945
TOTAL	83,047	105,015	114,085	128,369	133,731	144,148	48,533	46,314
Girdles & corsets, cotton	5	59	45	4	14	5	2	6
" " " synthetic	1,592	2,708	3,185	4,333	5,041	6,830	2,153	2,822
TOTAL	1,597	2,767	3,230	4,337	5,055	6,835	2,156	2,828
Infants' sets (d), cotton & synthetic	N.A.	N.A.	28,205	31,798	31,761	35,947	10,997	11,598
Swimwear, synthetic	5,827	9,362	9,877	14,025	13,865	11,379	7,633	3,769
Tops & vests, cotton & synthetic	20,107	22,000	10,441	11,730	13,346	17,399	8,589	5,761
Body suits & shirts, synthetic	2,549	1,578	1,063	3,577	3,109	730	446	526
Coveralls (e), synthetic	595	1,098	1,237	1,275	746	737	289	239
Culottes, synthetic	103	129	49	30	12	68	10	5
Judo/karate suits, cotton & synthetic	N.A.	93	75	128	96	184	76	69

(a) Excludes knit tops
(b) Men's, women's and children's
(c) Includes garments of silk and other fibers not shown separately
(d) Up to and including 2 years of age
(e) Includes overalls and jumpsuits
(f) Less than 500

SOURCE: U. S. Bureau of the Census (imports for consumption)

N.A. -- Not available

EMPLOYMENT, MANHOURS AND PAYROLLS, WOMEN'S AND CHILDREN'S GARMENT INDUSTRY

AVERAGE EMPLOYMENT OF PRODUCTION WORKERS

Period	Coat, Suit, Skirt	Dress	Blouse	Knit Outerwear*	Children's Outerwear	Other Outerwear	Corset, Brassiere	Underwear Nightwear	Knit Underwear*
1966	79,700	178,800	49,300	63,300	71,900	69,600	36,800	74,500	30,600
1972	63,800	177,200	41,300	66,700	64,900	91,600	26,400	75,400	30,600
1973	64,500	183,700	45,900	70,200	68,900	102,000	24,700	72,800	28,700
1974	61,300	166,300	45,500	67,100	63,200	103,500	22,700	67,000	29,400
1975	56,800	149,800	45,600	57,300	56,600	100,000	19,600	61,100	28,800
1976	61,000	151,100	48,400	60,500	60,200	112,600	19,300	64,900	31,400
1977	56,700	144,300	49,600	64,700	59,000	118,600	16,600	64,600	29,100
1978	55,500	145,000	53,600	67,100	59,100	124,600	16,100	63,900	29,000
1979	55,200	141,200	55,500	62,100	56,300	126,600	14,900	63,300	27,900
1980	54,800	137,100	53,800	64,900	53,900	128,600	13,800	62,300	27,700
Jan-Mar'80	49,400	143,200	55,600	62,800	55,400	129,700	14,500	62,700	27,500
Jan-Mar'81	50,500	137,800	55,300	63,100	51,100	134,900	13,700	61,000	28,000

MANHOURS OF PRODUCTION WORKERS (in millions)

Period	Coat, Suit, Skirt	Dress	Blouse	Knit Outerwear*	Children's Outerwear	Other Outerwear	Corset, Brassiere	Underwear Nightwear	Knit Underwear*
1966	136.0	302.3	85.3	121.3	131.4	129.6	68.0	139.6	60.4
1972	108.1	297.1	72.2	129.2	117.3	164.3	47.9	138.2	58.5
1973	109.7	307.6	80.0	134.6	123.1	182.6	44.6	132.3	54.6
1974	103.1	263.7	77.2	126.7	111.7	182.9	40.1	119.5	54.6
1975	95.4	242.3	79.3	106.3	101.3	178.7	34.9	107.6	54.4
1976	104.1	251.4	84.3	115.0	109.5	199.4	35.7	118.9	59.8
1977	94.4	237.6	84.7	122.6	105.4	207.9	30.1	117.5	55.1
1978	93.1	237.5	92.6	124.8	106.6	218.8	29.4	113.7	54.6
1979	92.0	224.4	94.8	116.4	101.7	219.6	26.4	113.8	50.4
1980	93.4	217.0	92.1	124.8	97.5	223.0	23.9	113.8	51.3
Jan-Mar'80	20.5	57.8	22.8	30.1	24.8	56.2	6.2	28.5	12.6
Jan-Mar'81	21.2	54.5	23.0	29.0	23.5	58.2	6.0	27.0	12.6

PAYROLLS OF PRODUCTION WORKERS (in millions of dollars)

Period	Coat, Suit, Skirt	Dress	Blouse	Knit Outerwear*	Children's Outerwear	Other Outerwear	Corset, Brassiere	Underwear Nightwear	Knit Underwear*
1966	$334.1	$644.6	$152.2	$240.8	$228.8	$225.4	$126.2	$229.0	$104.8
1972	325.2	830.7	178.1	352.0	283.9	402.9	120.6	312.9	143.0
1973	347.1	906.5	209.6	389.0	314.3	481.7	120.1	321.9	144.5
1974	349.5	843.9	220.7	397.1	305.8	526.5	116.8	314.7	155.3
1975	342.3	801.4	240.4	356.4	297.4	545.1	109.8	303.0	163.1
1976	390.3	887.8	272.9	408.4	317.8	657.6	120.6	359.4	193.5
1977	377.1	887.5	292.2	456.3	346.3	726.3	107.6	376.4	191.2
1978	391.3	953.0	340.0	491.9	377.8	830.1	112.3	398.9	204.2
1979	414.5	973.3	375.5	497.3	390.9	901.0	109.0	431.6	205.8
1980	466.8	1,022.7	396.7	583.6	409.5	993.0	105.1	465.8	233.5
Jan-Mar'80	97.5	263.8	96.5	136.9	102.3	245.7	26.9	114.7	56.5
Jan-Mar'81	110.2	272.4	104.6	143.9	105.3	275.1	27.9	118.5	60.5

* Men's and women's garments
SOURCE: U. S. Bureau of Labor Statistics and ILGWU Research Department estimates

Employment, Manhours and Payrolls

For the industry's workers, 1980 was a most unsatisfactory year. Employment dropped for the fourth straight year, the 1.0 percent decline bringing the level to below that in 1962. Reductions in both the number of shops and the number of workers provided slightly more work for those remaining on the rolls and their average weekly hours were up by 0.8 percent. Consequently, manhours worked were off by only 0.3 percent. Average weekly earnings rose by 9.9 percent in 1980, the result of contractual wage increases and other wage improvements, while total payrolls for the year advanced 8.8 percent.

The downward trend in employment continued into 1981. Available data for the first three months of the year show a further 0.3 percent drop compared with a year ago. Average weekly hours were essentially unchanged, but, as the result of a decline in the number of workdays this year, total manhours in the first quarter were off by 1.8 percent. Weekly earnings rose 8.8 percent and total payrolls were up 6.8 percent in the same period.

Developments in 1981 differed among the various branches of the industry. Employment was 2.4 percent higher in the coat, suit and skirt branch and 4.0 percent in "other" outerwear, including slacks, shorts, beach and ski wear and related items. Employment rose 1.3 percent in knit underwear and 0.5 percent in knit outerwear mills. In all other branches of the industry, employment was down in the first three months of this year. The decline was 0.5 percent in blouses, 2.7 percent in underwear and nightwear, 3.8 percent in dresses and 7.8 percent in children's outerwear. Manhours worked in each industry generally reflected the employment picture. Because of continued improvements in wages, weekly earnings were up in all nine branches of the industry, as were total payrolls.

Detailed information on the employment situation in each branch of our industry is not yet available for April or May. Information for the apparel industry as a whole, however, suggests that the earlier softness continued to persist.

Hourly Earnings

The latest data available on average hourly earnings in the different branches of the apparel industry are for the payroll week that includes March 12. As a result, these data do not include the cost of living adjustments obtained by the union and scheduled to take effect on March 16, 1981 or later. Nor do the data include the third year contractual increases originally scheduled for the middle of the year and in most cases moved forward to coincide with cost of living adjustments. The data do include, however, the impact of the increase on January 1, 1981 in the national minimum wage to $3.35 an hour, the final step provided by the current law.

Between March 1980 and March 1981, the largest increase increase in hourly earnings -- 43 cents -- took place in the dress industry. Advances of 39 cents an hour were registered in the coat, suit and skirt and knitted outerwear industries. Hourly earnings increased 37 cents in the other outerwear industry, which includes among other items slacks, shorts, beach and ski wear, playsuits, service apparel and similar items. Gains of 35 cents an hour were recorded in children's outerwear and underwear and nightwear fields, while earnings in the blouse industry rose 34 cents an hour. In knitted underwear, hourly earnings advanced by 30 cents, while the smallest gain -- 26 cents -- occurred in corsets and brassieres.

By way of constrast, average hourly earnings in the various branches of the men's and boys' clothing industry rose from 31 cents to 42 cents an hour, depending upon the branch.

AVERAGE HOURLY EARNINGS, WOMEN'S GARMENT AND OTHER SELECTED INDUSTRIES

Industry	Mar. 1961	Mar. 1971	Mar. 1976	Mar. 1977	Mar. 1978	Mar. 1979	Mar. 1980	Mar. 1981
WOMEN'S GARMENTS								
Coats, suits, skirts	$2.23	$2.99	$3.61	$3.89	$4.09	$4.34	$4.82	$5.21
Dresses	1.82	2.76	3.52	3.66	3.92	4.27	4.60	5.03
Blouses	1.53	2.39	3.21	3.42	3.64	3.90	4.24	4.58
Knitted outerwear*	1.64	2.52	3.52	3.70	3.85	4.17	4.56	4.95
Children's outerwear	1.48	2.31	3.12	3.24	3.49	3.82	4.12	4.47
Other outerwear	1.55	2.28	3.27	3.46	3.78	4.04	4.39	4.76
Corsets, brassieres	1.60	2.40	3.36	3.58	3.75	4.14	4.33	4.59
Underwear, nightwear	1.41	2.21	3.00	3.18	3.48	3.74	4.05	4.40
Knitted underwear*	1.47	2.30	3.17	3.41	3.71	4.03	4.52	4.82
MEN'S CLOTHING								
Suits, coats	1.90	2.97	3.99	4.33	4.80	5.06	5.39	5.70
Shirts, nightwear	1.33	2.14	3.01	3.13	3.45	3.75	4.05	4.43
Separate trousers	1.37	2.14	3.13	3.30	3.67	3.93	4.30	4.72
Work clothing	1.27	2.08	3.00	3.18	3.51	3.78	4.10	4.47
ALL MANUFACTURING	2.29	3.52	5.09	5.52	6.01	6.56	7.06	7.79
NON-DURABLE GOODS	2.09	3.21	4.58	4.98	5.40	5.85	6.30	6.98
DURABLE GOODS	2.45	3.74	5.46	5.89	6.40	7.00	7.54	8.33
Automobiles	2.79	4.71	6.98	7.68	8.27	9.05	9.56	10.81
Primary metal industries	2.84	4.12	6.61	7.07	7.94	8.75	9.45	10.55
Printing, publishing	2.73	4.10	5.59	6.01	6.39	6.81	7.34	8.02
Rubber and plastic products	2.33	3.31	4.58	5.08	5.33	5.85	6.27	6.98
Cotton fabrics	1.57	2.54	3.63	3.96	4.28	4.68	5.10	5.49
Silk and synthetic fabrics	1.64	2.58	3.67	4.00	4.35	4.72	5.15	5.60
Wool fabrics	1.73	2.66	3.64	3.94	4.33	4.60	5.09	5.55
COAL MINING	3.05	4.76	7.60	8.12	7.89	9.96	10.52	11.35
BUILDING CONTRACTORS	2.98	5.22	6.92	7.41	7.81	8.38	9.01	9.51

* Men's and women's garments

Source: U. S. Bureau of Labor Statistics

Current Outlook

Economic developments in the immediate future are clouded by the differing approaches advanced by the three distinct, and ultimately conflicting, groups within the administration -- the old school conservatives, the Treasury Department monetarist followers of Milton Friedman and the new breed of "supply siders". Together, their views constitute what has popularly become known as Reaganomics.

The conservatives, broadly speaking, prefer high interest rates to control inflation, an essentially traditional approach. They believe, again in broad terms, that tax reduction prior to budgetary cuts would be inflationary and that a severe downturn in the economy is the only way to deal with inflation. They are, therefore, prepared to enforce policies that can only result in recession.

The monetarists have no objections to high interest rates, but do not believe that an interest rate program gets to what they consider to be the heart of the problem, namely the amount of money in circulation. Their criticism of the conservatives is reflected in the controversy between their supporters in the Treasury and the Federal Reserve System. While they admit that efforts to control the money supply in present economic circumstances may lead to higher interest rates, the latter development is incidental to the broader concept.

Regardless of differences between the conservatives and the monetarists, the policies resulting from their views have led to the highest interest rates in American history. Current interest rate levels work to the disadvantage of small and medium-size businesses. Larger corporations, however, not only have access at any given moment to lower borrowing rates than the announced prime rate, but they can also make use of borrowings at lower rates in the Eurocurrency markets through American branch banks.

Critics of monetarism point to the economic disaster in which Great Britain finds itself after almost two years of following such a policy. Critics of the Federal Reserve Board policy observe that it is not accidental that, since the institution of the high interest rate policy in the United States, commercial and industrial failures have been rising. In 1980, for example, they went up by 55 percent to almost 12,000, the highest level in thirteen years, and are estimated to go as high as 18,000 in 1981.

Both conservatives and monetarists, though differing on the theoretical foundations of their policies, are prepared to create a severe downturn in the economy. The former know of no other way to deal with the problem and the latter are obsessed with their own view that essentially only the money supply has any significance. Neither, thus, is concerned with how their policies affect the welfare of the mass of the American people.

Supply side economics, a theory that has never been tested, is the newest and least known of the three and, therefore, calls for fuller explanation. It suggests that people produce because they seek profits and rewards. Tax cuts, it is argued, help more in brackets where people may be expected to invest and, thereby, to produce, rather than to spend their tax savings. These potential producers, the argument goes, will not engage in productive investment if they are stifled through the burdens of high marginal taxes and government regulations. If they do not receive tax relief, they will spend their money or seek non-productive tax shelters, rather than work, save and invest.

The supply siders call for sharp cuts in marginal rates, thereby gearing tax relief to the wealthy, in order to encourage productive investment by making work and investment more rewarding. They claim their theory relates to the work ethic, the entrepreneurial drive and the investment know-how of Americans.

In essence, the theory, based at best on faith and hope, proposes that only the wealthy can deal with the problems of the American economy. When they know -- as a result of tax legislation -- that they can keep more of each dollar earned, they will shift, in the words of one of their chief spokesmen, "into work out of leisure and into investment out of current consumption." This, we are told, will increase production, provide jobs and reduce the federal deficit by increasing tax revenues at some point as a result of ensuing economic prosperity.

Aside from the elitism reflected in this view, it should be apparent that federal deficit spending and current tax rates are not the primary causes of inflation, but that inflation is fueled and sustained by many complex events. Among them are the impact of high interest rates; administered prices on the part of large corporations; speculation in commodities, currencies, real estate and land; rising oil prices; and the effects of devaluation of the dollar in world markets in the years since 1971.

Supply side supporters seek to compensate for tax cuts by sharply curtailing government social programs. If accepted, the proposals would not only lead to a reversal of whatever redistribution of income has taken place in the past, but to even greater concentration of wealth in the hands of the wealthy. There is also no guarantee that a tax policy to benefit the richest sector of the American population will result in constructive investment in the United States rather than increase concentration, finance corporate takeovers and mergers on an even more massive scale than in the past and give further impetus to speculation. Although the supply siders speak of themselves as devotees of the market system, by gearing policy in favor of the wealthy, they jeopardize the very mass market that could justify their proposals.

Current federal plans also intensify the existing and growing fiscal plight of the cities by reducing federal assistance programs and increasing local financial burdens. A report on the financial problems of America's cities, large and small, prepared for the Joint Economic Committee of the Congress, was released in mid-May. It underlines the point that many cities "have already retrenched their service levels" and that "merely maintaining existing service levels will require further increases in local taxes, user charges and fees." Such action, the report observes, "would disproportionately burden the poor." State governments, it adds, are "fiscally strained and incapable of providing the necessary revenues." The report concludes that "an increasing number of cities will find themselves on the brink of fiscal collapse."

The sharp rise in real gross national product in the first quarter of this year is not expected to be sustainable and declines are anticipated in the second and third quarters of the year. Even assuming resolution of policy differences among Administration supporters as well as with the Congress, a temporary positive effect would take time to work its way through the economy. Uncertainty, however, appears to be the rule. Possibly moderating the expected decline in manufacturing output is the planned build-up of automobile inventories as the current model year comes to an end and the timing of the beginning of manufacture of new model year cars, due to be unveiled in September. The extent to which car sales improve, however, will be strongly influenced by interest rates.

A number of factors will determine the direction of the women's and children's wear industry in the upcoming period. Of prime consideration is the state of the economy. Weakness rather than strength appears to be the trend at the moment. Given continued inflation, high interest rates and inadequate income growth for much of America, the effective demand for apparel will not meet its full potential. However, as has been the case for some time, money not spent for homes, automobiles and other high ticket items may be spent on apparel. Support for apparel sales also comes from the steadily developing role of women in the labor force and their need for attire. Apparel purchases by affluent women with greater amounts of discretionary income are likely to continue and to provide strength to one facet of the industry.

While retailers remain cautious, there are indications that orders for fall have shown strength, particularly in lines that moved well this spring. Soft, romantic looks appear to be attracting fashion-conscious customers. Current styles are forward looking, with variety a keynote. Garments with a wide range of styles, lengths, fabrics, colors and functions are being offered by industry designers and are meeting consumer approval.

Even if modest growth takes place in retail sales of women's and children's wear during the remainder of 1981, the key question remains how much the domestic industry and its workers will share in such an improvement. Current rates of import growth indicate that little growth will take place in the domestic industry. This underlines the need for U. S. government action to insure that imports of apparel are regulated so that domestic industry can share in any growth in consumption that may occur.